GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:7654
ANSWERED ON:16.05.2002
CONTRACT FOR SUPPLY OF PARACHUTES
VINAY KUMAR SORAKE

Will the Minister of DEFENCE be pleased to state:

(a) whether the Defence establishment concluded two contracts in 1996 with a firm based in US for supply of Pilot Parachutes and Brake Parachutes at a cost of Rs. 2.35 crores;

(b) whether the parachutes contracted for were manufactured in Russia;

(c) whether the contract provided for 100% payment against LC as against normal provisions of 90% payment against proof of despatch;

(d) if so, whether the LC was encashed by the supplier against forged documents;

(e) if so, the details thereof; and

(f) the action taken in this regard?

Answer

MINISTER OF DEFENCE (SHRI GEORGE FERNANDES)

(a) Yes, Sir.

(b) Yes, Sir.

(c) The contracts provided for 100% payment against Letter of Credit (LC).The LC was opened after the supplier provided two Performance cum Warranty Bonds of 5% of contract value.

(d) Yes, Sir.

(e) The SBI (FED) released the payment without checking the authenticity of documents produced by the supplier.

(f) The Legal Adviser has advised to file a civil suit against the supplier and SBI (FED) in the Delhi High Court to recover US D 489 970.